

P-421, P-559, P-555, P-407, P-430/CP-88-629DENYING PETITION

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of a Petition for Extended Area
Service from Chatfield and Stewartville to
Rochester and Surrounding Communities

ISSUE DATE: January 2, 1990

DOCKET NO. P-421, P-559, P-555, P-407, P-
430/CP-88-629

ORDER DENYING PETITION

PROCEDURAL HISTORY

On September 15, 1988 telephone subscribers in Chatfield and Stewartville filed a petition under Minn. Rules, part 7815.0700, requesting Extended Area Service (EAS) between one another and with eight other communities. Those communities were Byron, Elgin, Eyota, Oronoco, Pine Island, Rock Dell, St. Charles, and Zumbro Falls. Like Chatfield and Stewartville, all eight communities have EAS to Rochester.

Shortly thereafter all affected telephone companies filed requests for the Commission to vary the filing dates for certain information required under the EAS rules. Consideration of these requests was deferred while the Commission returned the petition to its sponsor to obtain the required number of valid signatures from Chatfield subscribers. The sponsor obtained the necessary signatures and refiled the petition.

The Commission then varied the EAS rules to allow affected telephone companies to file traffic studies and community of interest information before filing cost studies and proposed rates for the 18 routes requested. Neither the sponsor nor any other party opposed the variance, which was designed to avoid the expense of calculating rates for proposed routes which might not have enough traffic or a strong enough community of interest to justify such detailed consideration.

The traffic studies and community of interest filings came before the Commission on October 17, 1989.

FINDINGS AND CONCLUSIONS

The rules governing Extended Area Service provide that the Commission shall order installation of an EAS route whenever it finds that the public interest requires it. Minn. Rules, part 7815.1400. In determining the public interest, the Commission is to be guided by the following criteria, none of which is to be dispositive:

- A. the results of the traffic study;
- B. the cost study based on the embedded book cost;
- C. the proposed rates if Extended Area Service is installed or removed;
- D. the size of the exchanges involved;
- E. the location of government, commercial, employment, and social centers for persons living within the petitioning exchange;
- F. the location of schools and school districts serving the petitioning exchange;
- G. the location of medical, emergency medical, law enforcement, and fire protection services serving petitioning exchange;
- H. if installation is desired, the additional facilities that will need to be installed and the existing facilities that will be utilized and that will no longer be utilized;
- I. if removal is desired, what facilities will no longer be useful or reuseable for other services;
- J. when ordered by the Commission, the results of any informational polling of the subscribers in one or both exchanges; and
- K. the average monthly toll billings per main station over the proposed route.

Minn. Rules, part 7815.1000.

The thrust of these rules is that Extended Area Service is to be installed when one exchange is so linked with another that its subscribers routinely call the other exchange as part of their daily calling.

Items D, E, F, and G, all relating to the degree of self-sufficiency enjoyed by the petitioning community, have come to be known as "community of interest" criteria. These criteria play a major role in EAS determinations, since they help identify exchanges where subscribers' everyday calling

needs outstrip the boundaries of their exchange. Items A and K, dealing with traffic volumes, are also important, since the amount of traffic flowing between the petitioning and petitioned exchanges provides an indication of how strong the ties between the two exchanges are. The remaining items, dealing with costs, rates, and technical feasibility, are essential for determining the ultimate issue of public interest, since even the closest ties between communities will not justify installing a route whose expense will result in economic hardship, or even loss of telephone service, for current subscribers.

These rules, by their emphasis on the location of schools, medical facilities, local government offices, emergency service providers, commercial centers, employers, and existing calling patterns, demonstrate that Extended Area Service is not a discounted long distance service but a mechanism for ensuring that local calling areas meet the everyday calling needs of most of the subscribers within a given exchange. This is also clear from the "purpose and authority" section, part 7815.0200, which lists reflecting the geographical boundaries of customers' calling patterns and communities of interest among the reasons for adopting rules permitting the installation of Extended Area Service.

Extended Area Service is intended to correct those situations in which the boundaries of a telephone exchange no longer reflect the geographical area within which most of the exchange's subscribers live their daily lives. This geographical area is the exchange's "community of interest."

The Commission finds that neither traffic volumes nor other community of interest considerations demonstrate a need for the EAS routes proposed in this case.

Traffic Volume Considerations

Traffic volumes between Chatfield and Stewartville and between either of these two communities and the other eight exchanges are too low to demonstrate a community of interest. Most, but not all, of the traffic studies submitted in this case provided call distribution information, i.e., the number of customers making specific numbers of calls to specific exchanges each month. Those traffic studies showed that over 50% of the subscribers in Chatfield and Stewartville made no calls to the exchanges at issue during an average month.

The remaining traffic studies, involving Pine Island, Rock Dell, and Oronoco, provided only the average number of calls per subscriber per month between these exchanges and each petitioning exchange. Here, too, the average number of calls per subscriber, three or less, does not demonstrate a need to alter the local calling area. The Department, in fact, stated its experience with traffic studies indicates calling volumes in that range are normally accompanied by call distributions similar to those described above.

Other Considerations

In addition to traffic volumes, the Commission examines the location of schools, medical facilities, local government offices, employment centers, and similar services in considering EAS petitions.

Here, too, the evidence does not demonstrate a need for additional EAS routes for the petitioning communities.

Chatfield -- Chatfield's schools are located in the Chatfield exchange. The community has its own police and fire departments. The exchange has 9-1-1 service, providing toll-free access to basic emergency services. Medical care is available in Chatfield and in Rochester, with which Chatfield is already linked by Extended Area Service. The primary commercial, social, and employment centers for Chatfield residents are Chatfield and Rochester.

The Chatfield exchange lies within Olmstead and Fillmore Counties. The county seat of Olmstead County is Rochester; Chatfield already has EAS with Rochester. The county seat of Fillmore County is Preston; this petition does not seek EAS with Preston.

The location of employment, commercial, social, and public service centers does not demonstrate a need for EAS between Chatfield and any of the petitioned communities.

Stewartville -- Stewartville, too, is either self-sufficient or linked with Rochester in regard to public services and commercial life. Stewartville has its own schools and its own fire department. It has 9-1-1 emergency service. Medical care is available within the exchange and in Rochester, with which the community is linked by Extended Area Service.

The primary commercial, social, and employment centers for Stewartville residents are Stewartville and Rochester. Exchange residents rely on Rochester, their county seat, for law enforcement and county government services.

The community of interest information set forth above does not demonstrate a need for EAS between Stewartville and any of the petitioned communities.

Commission Action

The Commission concludes the public interest does not require the installation of the Extended Area Service routes requested in this petition and that examination of appropriate costs and rates for such routes is unnecessary. The petition will be denied.

ORDER

1. The petition for Extended Area Service between Chatfield and Stewartville and between each of these communities and Byron, Elgin, Eyota, Oronoco, Pine Island, Rock Dell, St. Charles, and Zumbro Falls is denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Lee Larson
Acting Executive Secretary

(S E A L)